

National Canners Association

WASHINGTON, D. C.

Information
Letter



For N. C. A.
Members

Membership Letter No. 23.

July 21, 1923.

President Anderson's Address at the St. Louis Convention.

The following letter from President James A. Anderson is prompted by an apparent misunderstanding of his attitude on certain questions in relation to contracts in his speech before the National Wholesale Grocers Association, at a meeting recently held in St. Louis.

"In order that canners and distributors may not be misled, it appears to be necessary for me to make explanation of some of the points brought out in my address recently given before the Wholesale Distributors in their convention.

"I made the statement that in order for a contract to be absolutely fair and honest, in my opinion, neither buyer nor seller should figure on a profit out of any of the terms of the contract. That is to say, the label allowance, the swell allowance, cash discount, or any other such terms of the contract, should be figured on a basis of actual cost without profit or loss to either party to the contract. Then, after having carried out this principle throughout the contract, the buyer could easily figure out what his actual cost was and then add a reasonable profit, thus making a price at which he would sell to the retail distributor.

"To substantiate this argument, I brought out the fact that if this principle were to be carried out in each instance and in all the terms of the contract, the seller should allow the average cost of labels as a label allowance. I further stated to prove this argument, that it was not fair for the canners to allow \$1.25 per thousand label allowance if the average cost of labels run \$2.50 per thousand. On this same principle, I stated that neither would it be fair for the jobbers to ask one half of one per cent. swell allowance when statistics of canners and information gathered from other reliable sources showed one tenth of one per cent. to be the average on such articles of canned foods. And, that when a buyer asked for one half of one per cent. for a swell allowance when the actual loss in swells was not more than one tenth of one per cent. that the buyer was figuring on a profit out of the swell allowance and he had no more right to figure on a profit out of the swell allowance than the cannex had a right to figure on a profit on the label allowance. I also brought out the fact that the buyer, on this same principle, has no right to ask for a one and one half or two per cent. discount on a contract that usually reads "Discount for cash in ten days or thirty days net". Two per cent. for ten days means thirty-six per cent. per annum for the money used in such transactions. That same buyer is, in all probability, getting his money at the rate of six per cent. Therefore, I stated that upon this same principle, he had no right to ask a rate of thirty-six per cent. interest on his money when he, himself, was getting money at six per cent.

In other words, he would be making a profit out of the cash discount.

"I tried to make it very plain that this principle should be adopted all the way through and not applied to one of the terms of the contract only. But it seems that some buyers have taken advantage of some of the things I said and have asked canners to allow them a greater allowance for labels than is ordinarily given, basing their request upon the part of my talk which referred to label allowance, leaving out everything else.

"In nearly every instance, these same buyers who are taking advantage of the suggestion made by me are, on the other hand, asking one half of one per cent. swell allowance and, in some cases, one per cent swell allowance, and are also demanding two per cent. cash discount.

"I simply wish to make myself clearly and plainly understood, and if this principle can be adopted on all the terms of the contract, well and good. However, it should apply to all the terms of the contract, alike.

"I hope that canners and distributors will be fair and honest with each other in every particular and take all points into consideration. I also hope that neither buyer nor seller will concede to any special terms or special privileges in contracts until the entire matter has been thrashed out thoroughly by committees selected from the distributors and the canners who now have this matter under consideration and who, we hope, will soon be able to make recommendations. Especially does this apply to the subject of swells and spoiled goods."

Meeting of Tin Plate Research Committee.

Dr. W. E. Elwell, Chairman of the Tin Plate Research Committee, desires us to announce that a hearing on the matter of tin plate will be held before the Bureau of Standards in Washington, D.C., on August 15, at 9.30 a.m.

All canners interested are invited to be present, and are requested to notify Dr. Elwell at Portland, Maine, in advance of the meeting, if they will attend.

Kind Words for the Industry.

At a luncheon held in San Francisco during the convention of the American Medical Association, Surgeon-General Cumming, of the United States Public Health Service, expressed his high regard for the canning industry as represented by the National Canners Association, and said it was their pleasure, as well as their duty, to cooperate with people who cooperated with the Government in such a broad manner.

Dr. Alsberg, former Chief of the United States Bureau of Chemistry, who was present, said that he had always held up the canners as represented by the National Canners Association as a model for other industries to follow in their relations with the Government.

Circular 6-L, "Swells and Springers", of Service in a Controversy.

How a party put the new circular on swells and springers into practical use is demonstrated in a letter received to-day, reading, in part, as follows:

"Some time ago, we received a pamphlet from you, in which an opinion as to what constitutes a swell or springer was outlined.

"At that time, we had a claim, and, on the strength of your opinion, we succeeded in settling this claim satisfactorily both to the packer and the jobber."

Association's New Service on Tax Matters Pleasing.

We have a letter from one of our members, reading as follows:

"Please accept our ~~thanked~~ thanks for your letter of July 14th relative to the Capital Stock Tax. Your counsel has answered our inquiry very clearly and fully and we will be guided accordingly."

Conferences with Taxpayers.

The present practice of holding conferences with taxpayers or their representatives without previous arrangement has been found inexpedient because of its interference with the schedules of pre-arranged conferences. Therefore, effective immediately, the practice of holding conferences with taxpayers or their representatives without previous arrangement will be discontinued and they will hereafter be required to arrange for conferences and file sworn statements of facts as set forth in Conference and Practice Requirements Circular 1185, at least five days in advance of the conference date. Cases in which taxpayers or their representatives can submit some unusual reason for requesting an immediate conference without previous arrangement as required above, will be given consideration by heads of divisions of the Income Tax Unit who may, if the circumstances warrant, make an exception to the rule.

Department of Public Welfare, State of Pennsylvania, Interested in Work of Association.

The address delivered by Mr. Loomis before the Department of Public Welfare, State of Pennsylvania, at Harrisburg last week, is receiving much favorable comment, as shown in the following letter received from Mr. C.W. Hunt, Deputy Secretary.

"I want you to know that Mr. Loomis gave the stewards a very helpful and instructive address on the subject which was assigned to him, "Canned Goods Specifications". We feel that this is just the beginning of our interest in your work and only the beginning of what you can do for our stewards

in carrying out our program of economical management.

"Mr. Loomis left us some pamphlets, one Bulletin, No. 82-A, another Bulletin, No. 90-A, and a little leaflet, "Canned Foods Weights". May we have thirty copies of these leaflets for distribution to our institutional stewards? They manifested an interest in these bulletins and I am sure that they will be very helpful in the hands of the stewards."

Canned Foods Follow the Flag.

It has been well said that our Constitution follows the flag. We have an instance in which canned foods follow the flag, even into Prussia.

During a very serious food riot in Potsdam, one grocer raised the American flag when he was attacked by the mob.

"I have a lot of Chicago canned goods to sell on commission, and therefore consider that my shop is American territory", the grocer told the police.

Another Good Word for Canned Foods.

Sir James Crichton-Browne, M.D., of London, has the following to say about canned foods, in speaking of the enormous improvement in the quantity, quality, and variety of foods at the command of the English people:

"Well, no small part of the improvement thus referred to has been in the quantity, quality, and variety of preserved foods. These have largely contributed to the health and energy of the English people of all classes. Without them the physique and potency of our people would be nothing like what it is to-day, and disability and malnutrition would have been vastly more widespread than, unhappily, they still are. The consumption of preserved foods has now reached gigantic proportions in all civilized countries, and they have proved an incalculable boon and benefit. The process of preservation has made accessible to the poor, viands which were formerly the luxuries of the rich. The attempts sometimes made to depreciate preserved foods and to create prejudice against them is foolish and mischievous".

Also, in speaking further of the safety of canned foods, Sir James says:

"Of course, in properly prepared and protected foods there can never be any approach to putrefaction, and peccant bacilli of the Gartner group are a thousand times more likely to find their way into fresh than into preserved foods. Preserved foods up to the moment of consumption are inviolate, but fresh foods are being constantly exposed to contamination from the air, and by unclean handling."

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Residents of Western States Will Be Granted Hearings
on Income Tax matters in Los Angeles and Portland.

The Bureau of Internal Revenue, Washington, D.C., has announced that residents of California, Nevada, Utah, and Arizona may present appeals from the action of the Income Tax Unit to the Field Sub-Committee on Appeals and Review at a series of hearings, beginning August 1, at the Federal Building, Los Angeles, California.

The Sub-Committee has been conducting hearings at St. Paul, Minnesota, since April 20, and, upon completion of its docket there, will proceed to Los Angeles on August 1, and, at a later date, will conduct further hearings at Portland, Oregon, of cases appealed by residents of Washington, Oregon, Idaho, and Wyoming.

The members of this Sub-Committee are Robert J. Service and LeRoy Russell. Appointment of a third member will be announced later.

Canners' Crop Improvement Work at Michigan Experiment Station.

The Michigan Agricultural College is making a very encouraging start on the canning crop improvement problems suggested by Bureau of Raw Products Research and the Michigan Raw Products Committee a year ago.

The Horal pea, a cross between Horsford and Alaska, which will be introduced next year by the Wisconsin Experiment Station, is being tested out at the Michigan College and selections will be made there for further improvement.

Experimental plantings of several varieties of bush and pole lima beans have been made to afford material for crossing. The purpose of this work is to determine whether it will be possible to create new strains or varieties of the Henderson Bush Lima type having a bean which will remain green in the pod and in the can.

Selections are being made for an improved strain of Detroit Dark Red beet for canners.

Rogers Stringless Green Refugee is being grown in comparison with several of the College strains, and further selections will be made from this season's trials. The purpose is to develop a strain of the Green Refugee type which will remain stringless and produce satisfactory yields under Michigan conditions.

Processing No. 10 Peas.

In Circular No. 5-L it is pointed out that peas packed in No. 10 cans should be exhausted, since they require a higher closing temperature than No. 2 cans. Studies of the Research Laboratory now in progress show that this is far more important than is generally believed.

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No. 10 peas double seamed at about 150 degrees, processed at 250 degrees, and well cooled, have shown a considerable percentage of spoilage due to leaking of cans that appeared to be well sealed. The amount of spoilage was greatest in cans that were not tied down in the crates and therefore pounded against each other while under the strain of the process and during cooling. It is believed that these cans would have remained tight if they had been processed at 240 degrees or 242 degrees, especially if tied down to prevent their movement in the crates.

It is also found that owing to retort management, the retort temperature is sometimes materially lower than the processor believes, at least in some parts of the retort and during a portion of the process. This is due to several causes, such as improper bleeding of the retort (especially during the coming-up time) and to bringing the retort to temperature too rapidly.

This condition has caused some spoilage this year, especially in No. 10 peas. Because of these variations the Research Laboratory believes that No. 10 peas should be processed at least 60 minutes at 240 degrees, and 65 minutes at 242 degrees is probably a safer cook. Moreover, they should be well exhausted to insure a high closing temperature.

United States Army in the Market for Canned Foods.

The United States Army will receive bids at the San Francisco General Intermediate Depot, Quartermaster Section, Fort Mason, San Francisco, California, until 11 a.m., Standard Time, on July 24, 1923, on the following commodities:

9,600 No. 1 cans of salmon; 1,800 No. 2½ cans of asparagus; 720 No. 1 cans of tuna fish; 8,400 No. 2½ cans of pineapple; 720 No. 2 cans of damson preserves; and 480 No. 2 cans of beef tongue.

Canners interested should communicate with the Quartermaster Supply Officer, Fort Mason, San Francisco, California, and request blanks for bids on this requisition.

Revised Rates on Canned Foods and Other Commodities Become Effective.

The Interstate Commerce Commission has granted the application of interested carriers for revised rates on canned foods and other items from, to, and between points in southeastern, Carolina, and Mississippi Valley territories, and between points in the said territories on the one hand, and points in the territory north of the Ohio and Potomac Rivers on the other.

The Commission thought that the revised schedules should be allowed to apply temporarily until the class case is decided, and to defer until that time any investigation of the commodity rates on these four descriptions which may seem desirable.

Developments in Situation Regarding Adjustment
of Swells.

The industry is familiar with the efforts that have been made for the past year or more to work out some plan of adjustment for swells that would be equitable to both buyer and seller.

The Association foresaw the emergency that arose when the Department of Agriculture made the announcement regarding the illegality of shipments of spoiled foods in interstate commerce. This announcement was closely followed up by similar restrictions on intra-state shipments by many of the state and city food officials and the canners found themselves confronted with the impossibility of having swells returned to them for checking up reclamations. A flat allowance in lieu of claims for swells was suggested and in many instances buyers insisted on one half of one per cent. as the proper allowance.

In order to ascertain the actual amount paid by canners to distributors during the past ten years for claims for spoilage, questionnaires were sent to the industry. The questionnaires were supplemented by additional requests for information from which it was found that the average loss in percentages paid by canners for swells and leaks under their contracts amounted to the following:

Tomatoes	1/5 of 1%	Spinach	1/9 of 1%
Corn	1/10 of 1%	Pumpkin	1/8 of 1%
Peas	1/10 of 1%	Squash	1/8 of 1%
Lima beans	1/5 of 1%	Tomato Pro-	
Kraut	1/20 of 1%	ducts	1/5 of 1%
Pork & beans	1/10 of 1%		
Salmon	1/16 of 1%	<u>Fruits</u>	
Apples	1/6 of 1%	Apricots, Peaches,	
Cherries, pitted	1/7 of 1%	Pears, and other	
String beans	1/5 of 1%	halved fruit	1/6%
Hominy	1/8 of 1%		
		<u>Berries</u>	
		Strawberries, Rasp-	
		berries, and other	
		seed fruit, includ-	
		ing cherries	1/2%

These figures demonstrate very clearly the unfairness of the same flat allowance on all canned commodities and show at once the fallacy of attempting to work out a plan of adjustment by making a flat allowance on all canned commodities based on the average losses. This would penalize the canners of products which in their very nature show only small losses and would result in such canners carrying the burden for those whose products show heavy losses. It was then suggested that the allowance be based on typical groups. The average reports were the result of the experience of efficient and inefficient canners, and if this plan was adopted it would penalize the efficient canner and place a premium on the inefficiency of the careless canner, in that he would get off with the payment of less than his actual loss.

In other words, the law of averages cannot be applied to the payment for swells without penalizing the efficient canner.

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As announced in last week's membership letter, a meeting of the Conference Committee of the National Cannery Association and the National Wholesale Grocers Association was held in Chicago on July 15th.

There was a full discussion of the entire situation and the following principles were unanimously agreed to:

1. That every responsible canner desired to stand back of his products, 100%.

2. That the possibilities for the sale of spoiled canned foods was detrimental to the industry and every possible effort should be made to stop the same.

It is plain that regardless of the amount of money that the canner may allow the distributors in lieu of swells, that this action does not guarantee the destruction of the spoiled canned foods.

The Committee then discussed the plan which was originally proposed some eight or ten years ago by the food officials themselves. This plan has in mind the establishment of zones throughout the United States in which there will be approved warehouses where all canned foods under suspicion can be shipped. These canned foods to be inspected by technical men representing the National Cannery Association, and the actual spoiled food to be charged up to the manufacturer of the same who in turn would allow the distributor the cost, as was done from time immemorial until the Government stopped the shipment of spoiled canned foods in interstate commerce under S.R.A.381.

The details of this plan are being considered by the Committee and it is hoped that through this membership letter more definite announcement can be made in the near future.

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